

Message Text

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21

ACTION NEA-10

INFO OCT-01 ISO-00 EA-07 EUR-12 SP-02 AID-05 EB-07 NSC-05

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NSAE-00 PA-01 USIA-06 PRS-01 /100 W

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R 230559Z DEC 75

FM AMEMBASSY MUSCAT

TO SECSTATE WASHDC 1716

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

USDOC WASHDC

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E.O. 11652: N/A

TAGS: BEXP US IN MU

SUBJECT: U.S.-INDIAN COMMERCIAL COOPERATION IN OMAN

REF: STATE 258967

1. WE DISCUSSED POSSIBILITIES FOR U.S.-INDIAN COMMERCIAL COOPERATION IN OMAN WITH INDIAN EMBASSY OFFICIALS HERE. THEY BELIEVE THAT THERE IS SOME SCOPE FOR U.S.-INDIAN COOPERATION ON A SELECTED BASIS, BUT SMALL SIZE OF INTERNAL OMANI MARKET AND ENTRENCHED POSITION OF BRITISH FIRMS IN OMAN LIMIT CHANCES FOR LARGE-SCALE JOINT VENTURES. THEY SEE INDIA'S CONTRIBUTION TO OMAN'S ECONOMY PRIMARILY AS PROVIDING A CONTINUED INFLUX OF ADMINISTRATIVE STAFF AND SKILLED AND UN-

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SKILLED CONSTRUCTION WORKERS.

2. INDIANS DO NOT SEE LARGE CAPITAL-INTENSIVE PROJECTS MENTIONED IN REFTTEL, SUCH AS INTEGRATED STEEL PLANTS, LNG INSTALLATION, AND TEXTILE FACTORIES, AS BEING FEASIBLE FOR OMAN. MAJOR ROAD, AIRPORT, AND PORT PROJECTS IN OMAN ARE HANDLED ALMOST ENTIRELY BY EUROPEAN FIRMS, AND INDIANS SEE LITTLE HOPE OF WINNING FUTURE PRIME CONTRACTS OR SUBCONTRACTS IN THESE AREAS. ONLY SIGNIFICANT CONSTRUCTION NOW BEING DONE BY INDIAN FIRM IS CONSTRUCTION OF SULTAN'S NEW PALACE IN MUSCAT, AND INDIANS ARE NOT CONFIDENT THAT THIS JOB WILL NECESSARILY LEAD TO FURTHER LUCRATIVE PROJECTS.

3. INDIANS EMBASSY DOES NOT TAKE SERIOUSLY RECENT OMANGOV EFFORTS TO ENCOURAGE FOREIGN INVESTMENT IN LIGHT INDUSTRY. MOST OF THESE PROPOSALS, ACCORDING TO THEM, FALL BY THE WAYSIDE IN THE PLANNING STAGE, AND PROSPECTIVE PROFITS ARE NOT VERY BIG. ONE INDIAN EMBASSY OFFICIAL REMARKED THAT MANY OF THESE PROPOSALS ARE DREAMED UP BY OMANGOV MINISTERS WHO WANT A SLICE OF THE ACTION FOR THEMSELVES. INDIAN EMBASSY DID SHOW AN INTEREST, HOWEVER, IN POSSIBLE PREFABRICATED HOUSING JOINT VENTURE WITH U.S. FIRM.

4. INDIANS SEE MORE OPPORTUNITIES FOR U.S. FIRMS OPERATING HERE TO SOURCE COMMODITIES, EQUIPMENT, AND SKILLED PERSONNEL IN INDIA. THEY CITED EXAMPLE OF OMAN NATIONAL TELECOMMUNICATIONS COMPANY, LARGELY MANAGED BY AMERICANS, WHICH PURCHASED A SUBSTANTIAL QUANTITY OF CABLES IN INDIA AND OBTAINED SOME HIGHLY SKILLED INDIAN ENGINEERS. INDIA IS NOW SHIPPING SUBSTANTIAL QUANTITY OF CEMENT TO THE GULF, AND INDIAN OFFICIALS HOPE THAT AMERICAN FIRMS IN OMAN WILL PURCHASE MUCH OF THEIR CEMENT AND OTHER BULK COMMODITIES FROM INDIA.

5. COMMENT: EUROPEAN COMPANIES WHICH HAVE PURCHASED EQUIPMENT AND COMMODITIES FROM INDIA HAVE OFTEN BEEN DISAPPOINTED BY LOW QUALITY AND LENGTHY DELIVERY TIMES. WE DOUBT THAT AMERICAN FIRMS HERE WOULD OBTAIN MANY COMMERCIAL ADVANTAGES BY DEALING WITH INDIAN COMPANIES, AND WE SHARE INDIAN EMBASSY VIEW THAT THERE IS NOT MUCH CHANCE FOR INDO-U.S. COMMERCIAL COOPERATION HERE.

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